



Great Northern Financial Corporation

Formerly Tric bag Mining Co. Ltd

1975 Annual Report

DIRECTORS Lawrence A. Brenzel
 George S. Mann
 Monte G. Singer
 Lorie Waisberg
 Stephen A. Weintraub

OFFICERS George S. Mann, President
 Lorie Waisberg, Secretary

TRANSFER AGENT AND REGISTRAR United Trust Company, Toronto

SOLICITORS Goodman & Goodman, Toronto

AUDITORS Soberman, Isenbaum, Colomby & Nisker, Toronto

LISTING The Toronto Stock Exchange

GREAT NORTHERN FINANCIAL CORPORATION
(Formerly Tribag Mining Co., Limited)
21 St. Clair Avenue East, Toronto, Ontario M4T 1M1

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

TO OUR SHAREHOLDERS

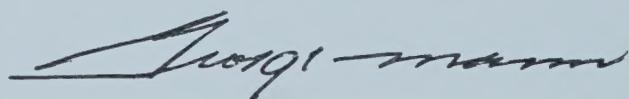
We are pleased to submit the annual report of your Company for the year ended December 31, 1975. This was the first full year in which the operations of the Company's mortgage brokerage and lending business were consolidated with the accounts of the Company and the increase in net earnings from \$181,000 in 1974 to \$443,000 in 1975 is due to the profitability of these divisions.

Several notable corporate changes occurred in your Company during the year. First, The Great Northern Credit Corporation Limited, formerly a wholly-owned subsidiary engaged in mortgage brokerage, was dissolved and its business is now carried on as a division of the Company. This was done in order to provide the Company with income to apply against tax losses incurred in previous years. Secondly, the name of the Company was changed from Tribag Mining Co., Limited to Great Northern Financial Corporation to more adequately reflect the nature of the Company's current operations. Thirdly, the Company's shares were consolidated on a one for five basis so that they would trade in an "industrial" price range rather than that of a "penny mine".

To maintain the Company's current mortgage volume, additional funds will be required. Management of the Company is presently pursuing various alternatives.

We appreciate the efforts of Monte G. Singer, Q.C., who supervises both the mortgage brokerage division and our wholly-owned mortgage lending subsidiary, Helpful Expansion Limited, and his staff in achieving the fine record of earnings generated by these divisions.

On behalf of the Board,



GEORGE S. MANN
President.

GREAT NORTHERN FINANCIAL CORPORATION
 (Formerly Tribag Mining Co., Limited)

CONSOLIDATED STATEMENT OF EARNINGS for the year ended December 31, 1975
 (with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Income		
Interest.....	\$1,077,704	\$ 455,808
Brokerage fees.....	761,914	598,553
Leasing revenue.....	1,000	33,775
	<u>1,840,618</u>	<u>1,088,136</u>
Expenses		
Salaries and benefits.....	255,998	140,995
Interest.....	204,423	153,633
General and administrative.....	422,981	152,094
Depreciation.....	69,096	64,081
	<u>952,498</u>	<u>510,803</u>
Earnings before income taxes and extraordinary item.....	<u>888,120</u>	<u>577,333</u>
Income taxes		
Current.....	226,614	312,603
Deferred.....	218,700	(7,200)
	<u>445,314</u>	<u>305,463</u>
Earnings before extraordinary item.....	<u>442,806</u>	<u>271,870</u>
Extraordinary item		
Marketable securities written down.....	—	90,469
Net earnings.....	<u>\$ 442,806</u>	<u>\$ 181,401</u>
Earnings per share (note 7)		
Earnings before extraordinary item.....	\$.58	\$.36
Extraordinary item.....	—	.12
	<u>\$.58</u>	<u>\$.24</u>

See accompanying notes to financial statements.

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

CONSOLIDATED BALANCE SHEET as at December 31, 1975

(with comparative figures for 1974)

	ASSETS	
	1975	1974
Cash and short-term deposits.....	\$ 79,773	\$ 161,587
Accounts receivable.....	15,138	33,899
Sundry assets and prepaid expenses.....	76,490	27,374
Marketable securities.....	—	36,830
Mortgage loans.....	4,026,881	2,941,285
Note receivable – due 1979.....	83,641	83,641
Fixed assets (note 3).....	751,352	786,548
Future income tax benefits.....	735,000	953,700
Goodwill.....	66,071	67,798
	<u>\$5,834,346</u>	<u>\$5,092,662</u>
LIABILITIES		
Bank loan (note 4).....	\$1,921,000	\$1,154,000
Accounts payable and accrued charges.....	155,510	79,331
Income taxes payable.....	116,638	137,379
Loan payable.....	100,000	100,000
Debenture payable.....	—	479,000
Deferred mortgage fee income.....	21,365	20,101
	<u>2,314,513</u>	<u>1,969,811</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 5)		
Authorized – 3,000,000 common shares without par value		
Issued – – 765,400 common shares.....	3,324,000	3,324,000
Retained earnings (deficit).....	195,833	(201,149)
	<u>3,519,833</u>	<u>3,122,851</u>
	<u>\$5,834,346</u>	<u>\$5,092,662</u>

Approved on behalf of the Board

GEORGE S. MANN, Director

MONTE G. SINGER, Director

See accompanying notes to financial statements.

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS for the year ended December 31, 1975

(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
(Deficit), beginning of year.....	(\$201,149)	(\$372,774)
Net earnings.....	<u>442,806</u>	<u>181,401</u>
	<u>241,657</u>	<u>(191,373)</u>
Special income taxes (note 2).....	<u>45,824</u>	<u>9,776</u>
Balance (deficit), end of year.....	<u><u>\$195,833</u></u>	<u><u>(\$201,149)</u></u>

See accompanying notes to financial statements.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
GREAT NORTHERN FINANCIAL CORPORATION
(Formerly Tribag Mining Co., Limited)

We have examined the consolidated balance sheet of Great Northern Financial Corporation and its subsidiary as at December 31, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 26, 1976

SOBERMAN, ISENBAUM, COLOMBY & NISKER
Chartered Accountants

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1975

(with comparative figures for 1974)

	<u>1975</u>	<u>1974</u>
Source of funds		
Net earnings.....	\$ 442,806	\$ 181,401
Add charges not requiring funds		
Depreciation.....	69,096	64,081
Amortization of goodwill.....	1,727	1,295
Deferred income taxes.....	218,700	(7,200)
Marketable securities written down.....	—	90,469
Funds derived from operations.....	732,329	330,046
Increase in bank indebtedness.....	767,000	253,426
Increase in accounts payable.....	76,179	44,397
Proceeds from sale of marketable securities.....	37,008	—
Reduction of accounts receivable.....	18,761	600,708
Proceeds from loan payable.....	—	100,000
Debenture payable.....	—	479,000
Net changes in other assets and liabilities.....	—	141,676
	<u>1,631,277</u>	<u>1,949,253</u>
Use of funds		
Additions to mortgage loan portfolio.....	1,085,596	472,547
Repayment of debenture payable.....	479,000	—
Special income taxes (note 2).....	45,824	9,776
Additions to fixed assets.....	33,900	28,338
Acquisition of subsidiaries.....	—	1,553,010
Repayment of note payable.....	—	96,000
Net changes in other assets and liabilities.....	68,771	—
	<u>1,713,091</u>	<u>2,159,671</u>
Decrease in cash.....	(81,814)	(210,418)
Cash, beginning of year.....	161,587	372,005
Cash, end of year.....	\$ 79,773	\$ 161,587

See accompanying notes to financial statements.

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 1975

1. Accounting policies

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company, its mortgage brokerage division, Great Northern Credit, and its wholly-owned subsidiary Helpful Expansion Limited. Great Northern Credit and Helpful Expansion Limited were acquired on April 2, 1974.

(b) Mortgage loans

Mortgage loans include accrued interest to December 31, 1975.

(c) Depreciation

The Company records depreciation as follows:

Buildings and equipment – mining	– straight line over the term of the lease (note 3)
Office furniture and equipment	– 20% diminishing balance
Automobiles	– 30% diminishing balance

(d) Future income tax benefits

The Company follows the tax allocation method of providing for income taxes. Future income tax benefits have been computed on the basis of utilizing unclaimed capital cost allowances available to the Company to the extent that they may reasonably be expected to be realized from future earnings.

(e) Goodwill

Goodwill consists of the excess of the purchase price of subsidiaries over the book value of net tangible assets acquired and is being written off on a straight line basis at the rate of 2½% per year from the date of acquisition.

(f) Deferred mortgage fee income

Mortgage fee income is recognized over a five year period based on the "sum-of-digits" method.

2. Reorganization

On January 1, 1975 The Great Northern Credit Corporation Limited was dissolved and its assets and liabilities distributed to its parent company and only shareholder, Great Northern Financial Corporation, which now carries on the mortgage brokerage business previously carried on by The Great Northern Credit Corporation Limited.

In addition to a tax of \$9,776 paid in 1974, the Company is required to pay a special income tax of \$45,824 as a result of the reorganization.

3. Fixed assets

	<i>Cost</i>	<i>Depreciation</i>	<i>1975 Net</i>	<i>1974 Net</i>
Buildings and equipment – mining.....	\$2,034,142	\$1,340,631	\$693,511	\$746,858
Office furniture and equipment.....	68,379	21,334	47,045	24,269
Automobiles.....	25,331	14,535	10,796	15,421
	<u>\$2,127,852</u>	<u>\$1,376,500</u>	<u>\$751,352</u>	<u>\$786,548</u>

The Company has leased its mining properties, rights and fixed assets for a term ending December 31, 1988, for a rental of between 2% and 4½% of the lessee's net smelting receipts. On expiry of the lease, the Company has granted the lessee an option to purchase all the mining properties, rights and fixed assets for \$1.

4. Bank loan

The bank loan is secured by a fixed and floating charge on the assets of the Company.

GREAT NORTHERN FINANCIAL CORPORATION

(Formerly Tribag Mining Co., Limited)

5. Capital stock

Articles of amendment were issued to the Corporation dated July 7, 1975 which:

- (a) Changed the name of the Corporation from Tribag Mining Co. Limited to Great Northern Financial Corporation, and
- (b) Consolidated and varied the issued shares of the Corporation from 3,827,000 shares with a par value of \$1 each, to 765,400 common shares without par value, on the basis of one new share for each 5 shares previously issued.

6. Remuneration of directors and senior officers

The aggregate direct remuneration paid to directors and senior officers of the Company amounted to \$160,472 in 1975 and \$99,092 in 1974.

7. Earnings per share

Earnings per share have been calculated based upon the number of shares outstanding at the end of the year after giving effect to the consolidation of share capital on the basis of one new share for each five shares previously issued. 1974 earnings per share have been restated so as to be on a comparative basis with 1975.

GREAT NORTHERN FINANCIAL CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT the annual meeting of shareholders of Great Northern Financial Corporation (the "Corporation") will be held in the Auditorium of the United Trust Building, 21 St. Clair Avenue East, Toronto, Ontario on Wednesday, the 30th day of June, 1976 at the hour of 10:30 o'clock in the forenoon (Toronto time) for the following purposes:

1. To receive the annual report of the Corporation and the consolidated financial statements of the Corporation for the year ended December 31, 1975 together with the report of the auditors thereon.
2. To elect directors.
3. To appoint auditors and authorize the directors to fix their remuneration.
4. To transact such further and other business as may properly come before the meeting or any adjournments thereof.

A copy of the annual report and information circular accompany this notice.

If you are not able to be present personally, kindly sign and return the form of proxy accompanying this notice in the envelope provided for that purpose.

DATED at Toronto this 4th day of June, 1976.

By Order of the Board of Directors

LORIE WAISBERG
Secretary

GREAT NORTHERN FINANCIAL CORPORATION

Information Circular

as of May 28, 1976

REGARDING ANNUAL MEETING OF SHAREHOLDERS

Solicitation of Proxies

This information circular is furnished in connection with the solicitation by management of Great Northern Financial Corporation (the "Corporation") of proxies to be used at the Annual Meeting of Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the notice of meeting accompanying this information circular. It is expected that the solicitation will be primarily by mail. The costs of the solicitation will be borne by the Corporation.

Exercise of Discretion by Proxies

The shares represented by any proxy received by management will be voted. **In the absence of any direction to the contrary, it is intended that the shares represented by proxies received by management will be voted on any poll for the election of directors and the appointment of auditors, all as described in this information circular.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the notice of meeting, but which may properly come before the meeting or any adjournments thereof and with respect to amendments to or variations of matters identified in the notice of meeting. As at the date hereof, management knows of no such amendment, variation or other matters to come before the meeting other than the matters referred to in the notice of meeting and routine matters incidental to the conduct of the meeting. If any further or other business is properly brought before the meeting, it is intended to vote on such other business in such manner as the person appointed as proxy then considers to be proper.

Appointment and Revocation of Proxies

The persons specified in the enclosed form of proxy are officers of the Corporation. **Each shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting or any adjournment thereof other than the persons specified in the enclosed form of proxy. Such right may be exercised by striking out the names of the specified persons and inserting the names of the shareholder's nominee in the space provided or by completing another appropriate form of proxy and, in either case, delivering the form of proxy to the Corporation prior to the holding of the meeting.**

A shareholder executing the enclosed form of proxy may revoke it at any time before it has been exercised. The Business Corporations Act (Ontario) sets out a procedure for revoking proxies by depositing an instrument in writing to that effect with the Corporation or the Chairman of the meeting prior to its exercise.

Voting Shares and Principal Holders Thereof

Only the shareholders of the Corporation of record at the time of the meeting will be entitled to vote at such meeting. The shareholders of the Corporation are entitled to one vote in respect of each share held at such time. The Corporation has only one class of shares. As at the date hereof 765,400 common shares without par value of the Corporation are outstanding. There is no record date for determining the holders of shares who may vote at the meeting and all registered shareholders of the Corporation at the time of the meeting will be entitled to vote at the meeting or any adjournments thereof. Unicorp Financial Corporation beneficially owns 261,292 shares of the Corporation or approximately 34% of the outstanding shares of the Corporation. Unicorp Financial Corporation is controlled, directly or indirectly, by George S. Mann.

The directors and senior officers of the Corporation know of no other person or corporation beneficially owning, directly or indirectly, more than 10% of the voting shares of the Corporation.

Election of Directors

The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director will hold office until the next annual election of directors.

The following table sets forth the names of the nominees, all positions and offices with the Corporation presently held by them, their principal occupation, the year they became a director and the approximate number of shares of the Corporation beneficially owned, directly or indirectly, by each of them as of the date hereof.

Name and Position with Corporation	Principal Occupation	Year Became Director	Shares Beneficially Held (1)
Lawrence A. Brenzel Director	President, L. A. Brenzel Securities Limited	1973	5,600
George S. Mann President and Director	President, Unicorn Financial Corporation	1974	20(2)
Monte G. Singer, Q.C. Vice-President and Director	President, Helpful Expansion Limited	1974	400
Lorie Waisberg Secretary and Director	Partner in law firm of Goodman & Goodman	1973	20
Stephen A. Weintraub Director	Treasurer of Unicorn Financial Corporation	1975	20

NOTES:

- (1) The information as to shares beneficially owned not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (2) For the shareholdings of entities controlled by George S. Mann, reference is made to the heading "Voting Shares and Principal Holders Thereof".

Remuneration of Management and Others

The aggregate direct remuneration paid or payable by the Corporation during the year ended December 31, 1975 to the then directors and senior officers of the Corporation by the Corporation and its subsidiaries was \$160,472.

The foregoing does not include any amounts paid to the firm of Goodman & Goodman, of which Lorie Waisberg is a partner, for legal services rendered to the Corporation.

Interest of Management

1. United Trust Company, a subsidiary of Unicorn Financial Corporation which owns more than 10% of the outstanding shares of the Corporation, from time to time participates in mortgages arranged by the Corporation. Such participation is negotiated on the basis of risk, prevailing rates of interest and other factors usually borne in mind by mortgage investors.
2. On April 2, 1974 the Corporation acquired from Monte G. Singer and Carol Singer all of the issued shares of and loans to Helpful Expansion Limited and The Great Northern Credit Corporation Limited for \$1,565,000. The purchase price was satisfied as to \$1,065,000 in cash and as to the balance of \$500,000 by the issuance to

the Singers of the Corporation's 8½% five year convertible debenture. On December 19, 1975 the Corporation redeemed the Singer debenture on the condition that part of the proceeds of redemption would be lent by the Singers to United Trust Company by way of subordinated loan and United Trust Company in turn agreed to make a line of credit available to the Corporation throughout 1976. Mr. Singer is a senior officer and director of the Corporation.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the appointment of Soberman, Isenbaum, Colomby & Nisker, Chartered Accountants, Toronto, Ontario as auditors of the Corporation and to authorize the directors to fix their remuneration. This firm was first appointed auditors of the Corporation on September 11, 1973.